

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AS-01 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
/099 R

DRAFTED BY EA/TIMBS:ARDORNHEIM:LGR
APPROVED BY EA/TIMBS:REFRITTS
-----104847 081615Z /56
R 081446Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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E.O. 11652: NA

TAGS: ENRG, ID

SUBJECT: INDONESIAN LNG FOR CALIFORNIA

REF: STATE 156177.

1. NEW YORK TIMES ON JULY 2 CARRIED ARTICLE REPORTING MEETINGS IN RECENT WEEKS BETWEEN CHAIRMAN OF CALIFORNIA ENERGY RESOURCES COMMISSION AND PEMEX, MEXICO'S STATE OWNED PETROLEUM COMPANY, TO DISCUSS POSSIBLE FUTURE NATURAL GAS IMPORTS BY PIPELINE TO CALIFORNIA VIA TEXAS. CHAIRMAN SAID IMPORTS WERE NOT FOREGONE CONCLUSION; THERE WERE "MANY WAYS IN WHICH WE COULD LOSE OUT", HE SAID.

2. ASKED FOR COMMENT, O'ROURKE OF SOUTHERN CALIFORNIA GAS STATED THAT IN ADDITION TO ABOVEMENTIONED TALKS, THERE HAVE ALSO BEEN FAIRLY ACTIVE TALKS BETWEEN FOUR U.S. COMPANIES,
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INDIVIDUALLY, AND PEMEX IN LAST SEVERAL MONTHS. FOUR COMPANIES INCLUDE TEXAS EASTERN, TENNECO, EL PASO, AS WELL AS PACIFIC LIGHTING (PARENT COMPANY OF SOUTHERN CALIFORNIA GAS). THEY ARE TENTATIVELY PLANNING TO FORM A CONSORTIUM TO IMPORT MEXICAN GAS. MANY DETAILS REMAIN TO BE WORKED OUT, INCLUDING SHARES OF GAS TO BE RECEIVED; O'ROURKE GUESSES THAT PACIFIC LIGHTING MIGHT GET AT MOST 250 MILLION

CFPD (ABOUT HALF DAILY RATE FROM INDONESIA) AS ITS SHARE.

3. O'ROURKE REITERATED HIS COMPANY'S "TOP PRIORITY" INTEREST IN INDONESIAN LNG. COMPANY IS, OF COURSE, INTERESTED IN HAVING GAS AVAILABLE FROM AS MANY SOURCES AS POSSIBLE AND HAS THEREFORE BEEN PURSUING SITUATION IN MEXICO, TOO. IF DEAL IS MADE WITH PEMEX, GAS FROM MEXICO WOULD PROBABLY BECOME AVAILABLE TO PACIFIC LIGHTING AT ABOUT SAME TIME AS GAS FROM INDONESIA (1981/82).

4. CALIFORNIA ASSEMBLY GOES INTO SUMMER RECESS AND MAY NOW PASS AN ON-SHORE SITING BILL IN SEPTEMBER. O'ROURKE REPORTS A GRAUDAL DECLINE IN LEGISLATOR INTEREST IN AN OFFSHORE LNG TERMINAL, DUE TO A BETTER APPRECIATION NOW OF COST OF THIS OPTION IN TERMS OF TIME LOST. EQUAL INTEREST NOW IN SITING OF TERMINAL AT OXNARD (SO FAR PREFERRED BY PACIFIC LIGHTING) AND POINT CONCEPCION.

5. REPORTED CHANGE IN CALIFORNIA ASSEMBLY MOOD, IF IT HOLDS, PLUS CHANGE IN FPC POSITION ON AUTOMATIC PRICE PASS-THROUGHS (REFTEL), SEEM TO IMPROVE CHANCES THAT PERTAMINA/PACIFIC LIGHTING CONTRACT MAY YET BE REALIZED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS RELEASES, GAS PIPELINES, DIPLOMATIC DISCUSSIONS
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE158674
Document Source: CORE
Document Unique ID: 00
Drafter: ARDORNHEIM:LGR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770243-0369
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770776/aaaacook.tel
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Message ID: 6fa78a6e-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 156177
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1919151
Secure: OPEN
Status: NATIVE
Subject: INDONESIA LNG FOR CALIFORNIA
TAGS: ENRG, ID, PEMEX
To: JAKARTA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6fa78a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009